

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE AUDIT COMMITTEE

HELD AT 7.30 P.M. ON TUESDAY, 31 MARCH 2009

**MEETING ROOM M71, SEVENTH FLOOR, TOWN HALL, MULBERRY PLACE, 5
CLOVE CRESCENT, LONDON, E14 2BG**

Members Present:

Councillor Denise Jones
Councillor Helal Abbas
Councillor Rupert Eckhardt

Other Councillors Present:

None

Officers Present:

Minesh Jani	– (Service Head, Risk Management)
Jon Hayes	– (District Auditor, Audit Commission)
Sharon Martin	– (Senior Audit Manager, Audit Commission)
Tony Qayum	– (Head of Audit Services, Internal Audit)
Andy Algar	– (Head of Asset Strategy, Capital Delivery Property Services, Development & Renewal)
Isobel Cattermole	– (Service Head, Resources, Children's Services)
Alan Finch	– (Service Head, Corporate Finance, Resources)
Owen Whalley	– (Service Head, Major Project Development, Development & Renewal)
David Williams	– (Development Manager, Development & Renewal)
Kelly Powell	– (Communications Officer, Communications, Chief Executive's)
Zoe Folley	– (Committee Office)
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1. APOLOGIES FOR ABSENCE

RESOLVED that apologies for absence be received on behalf of Councillors J. Peck, S. Eaton and F. Miah.

COUNCILLOR D.JONES IN THE CHAIR

2. DECLARATIONS OF INTEREST

Councillor D. Jones declared a general personal interest. The declaration was made on the basis that the agenda contained references to the Building Schools for the Future Initiative and Councillor Jones was a school governor.

Councillor H. Abbas declared a personal interest in Agenda item 4.3, (Quarterly Internal Audit Assurance Report, December 2008 - February 2009) The declaration was made on the basis that the report made reference to Old Palace Primary School and Councillor Abbas's daughter was a pupil at the school.

3. UNRESTRICTED MINUTES

RESOLVED that the unrestricted minutes of the meeting held on 6th January 2009 be approved.

Matters Arising.

(Item 13) Monitoring of CRB Checks – Report to CMT

The Committee queried whether the report to be submitted to CMT, regarding the development of a clear CRB policy, had been submitted to CMT?

In response, Minesh Jani (Service Head Risk Management) reported that the report had yet to be submitted to CMT but would be submitted to a future CMT meeting.

4.1 Schools Internal Audit

Isobel Cattermole, (Service Head, Resources, Children's Services) presented a paper on the training programme in place for School Staff and Governing Bodies.

Overall she was pleased with the progress made in implementing the standards.

Agreed that the paper be circulated to all Members of the Audit Committee.

ACTION: Z Folley (Committee Officer, Democratic Services).

Ms Cattermole reported on the Financial Management Standards for Primary Schools (FMSiS). All primary schools would be required to demonstrate compliance with the standards by the end of 2009. Ms Cattermole was hopeful that the schools would pass this assessment.

RESOLVED that the progress report be noted.

4.2 Members Briefing: Section 106 Agreements

Owen Whalley (Service Head, Major Project Development) presented a report on Section 106 Planning Agreements. This report was requested at the last meeting of the Audit Committee on 6th January 2009.

A Member requested to receive a further report on the Section 106 Account covering:

- contributions due to be received;
- committed expenditure
- Information on current programme (totalling £36,350,836) – project details;
- for agreements made in the past 5 years, (totalling £134,194,978) - list of projects that have contributed to this figure/due to contribute;

Councillor Jones asked about the decision making process for section 106 Agreements. Mr Whalley **Agreed** to send Councillor Jones a briefing note on the process.

ACTION: O Whalley (Service Head, Major Project Development).

In relation to the Cabinet reports on Section 106 agreements, **Requested** that they should be submitted to Cabinet on a six monthly, basis, rather than on a quarterly basis.

Having considered the report it was **RESOLVED** that the Members Briefing on Section 106 Agreements be noted.

ACTION BY: Owen Whalley (Service Head, Major Project Development)

4.3 Quarterly Internal Audit Assurance Report December 2008 - February 2009

Minesh Jani (Service Head Risk Management) introduced the report.

Mr Minesh reported that the percentage of recommendations implemented at follow up stage had increased. For follow ups completed from December 2008 to February 2009, the percentage of recommendations implemented was 88%.

The Committee considered a summary of the Audits undertaken between December 2008 and February 2009. Consideration was given to those assigned nil or limited assurance as set out below.

(a) Management of the Commercial Property Portfolio - Nil (Moderate) Assurance

Andy Algar (Service Head, Asset Strategy, Capital Delivery Property Services) presented this report.

Mr Algar reported on the nil (moderate) assurance ascribed to the management of the Commercial Property Portfolio.

Mr Algar reported on progress made since the last Audit of the service which was completed in July 2008. In response to the recommendations, a comprehensive range of policies had been put in place to address the issues raised by the Audit. There was also a service improvement plan and clear targets. The service was in the process of codifying their quality assurance procedures. The process for authorising evaluations had been strengthened.

Mr Algar expressed confidence that the service area was now providing a substantive level of assurance. However, responsibility for debt recovery was one area where greater clarity was required.

Members asked about the scope of the Audit. Mr Algar clarified that the Audit did not examine community buildings only shop premises. The emerging Asset Management Strategy would cover all types of properties both commercial and community buildings. It was intended that the Strategy would be brought before Members early in 2010. However, in view of the issues raised in the Audit, Members requested that it be submitted to them ahead of this target date - that the timetable for Member consideration of the Strategy be brought forward in view of the issues raised by the Audit.

Mr Algar added that the follow up Audit would give coverage to the area of rent reviews. Specifically the operation of the commercial rent collection service. Mr Algar also reported that a more comprehensive report would be submitted to the Committee in June 2009. This report would cover in detail the improvements in commercial rent collection and include statistics showing scope of improvement.

A Member asked about the frequency of commercial rent reviews. Especially the number carried out in the last six months? Mr Algar undertook to provide this information and that it be included in the detailed further report.

(b) Schools Audit – Old Place Primary School, St Agnes Roman Catholic Primary School

Isobel Cattermole reported on the outcome of the schools audit. Two schools had been ascribed a nil assurance rating. However, a number of support mechanisms had been put in place and all of the audit recommendations had been implemented. Both schools had since completed and passed an FMSiS assessment.

(c) Horticulture Monitoring Contract – Systems

Minesh Jani presented the findings of this Audit. He referred to a recent meeting of the TH Homes Board where assurances were sought on the arrangements for monitoring the contract.

The information reported to the TH Homes Board in respect of this Audit would also be reported to the Audit Committee.

(d) Sidney Street Estate – Central Heating Installation.

Jon Hayes (District Auditor, Audit Commission) reported that this item had been deferred for consideration at the next meeting of the Audit Committee in June 2009 in view of the need for prior Cabinet consideration of the letter.

In explaining this, Mr Hayes reported that a copy of the letter would be circulated to all Members.

5.3 Council's Accounts: Supplementary Opinion Plan

Jon Hayes (District Auditor, Audit Commission) presented the reported which listed the additional risks that he considered appropriate to the current opinion audit.

Following a brief discussion in which reference was made to the current economic climate and the Council's reserves, it was **RESOLVED** that the report be received and accepted.

5.4 Pension Fund: Supplementary Opinion Plan

Jon Hayes (District Auditor, Audit Commission) presented this report.

Following a brief discussion in which attention was drawn to specific risks identified by the Audit Commission it was **RESOLVED** that the report be noted.

6.1 UNRESTRICTED TOWER HAMLETS ITEMS FOR CONSIDERATION

6.2 Annual Internal Audit Plan 2009 -10

Mr Jani presented the proposed Annual Internal Audit Plan for 2009/10. The plan comprised of 1,882 days, across all directorates, which marked a slight increase on last year.

It was proposed that a number of days be devoted to the Grant Aid Commissioning Process, to examine the successfulness of the new commissioning approach, introduced this year, including the new online application process.

Having considered the report, it was **RESOLVED** That the Annual Internal Audit Plan for 2009/10 be endorsed.

7. ANNUAL ANTI FRAUD PLAN 2009/10

Councillor D. Jones declared a personal interest in this agenda item (Agenda Item 7, Annual Anti Fraud Plan 2009/10). The declaration was made on the basis that the report contained references to the Primary Care Trust and Councillor Jones was a non Executive Member of the Tower Hamlets Primary Care Trust (PCT).

Mr Tony Qayum (Head of Audit Services) presented the Annual Anti Fraud Work Plan. The plan set out the work to be carried out by the Corporate Anti Fraud Team in 2009/10. The Committee noted the following points:

- E Learning Tool for Ethical Governance – to be rolled out to all staff and Members during 2009. Project was on target; Software now in place;
- Fraud Line initiative – Advertised in conjunction with PCT principally in doctors surgeries and 'One Stop Shops' in Tower Hamlets.

RESOLVED: That the contents of the report be noted.

7.1 Audit Committee Training Plan

Mr Jani introduced the report. The report sought to develop a training plan for the Audit Committee members for 2009/10.

Mr Jani welcomed topics for inclusion in the plan. There was no specific timeline for this exercise. Members could submit any ideas they may identify during the course of 2009/10.

It was planned that the sessions be held directly prior to the Audit Committee meetings themselves, (which were held on a quarterly basis), with the training starting at 7:00pm and the Audit Committee at the usual time of 7:30pm. However all Members of the Committee would be consulted as to dates of training.

Attention was drawn to a list of suggested topics for the programme (page 118 of the Agenda). A Member suggested that the topics may need to be prioritised/longer sessions may need to be arranged to ensure completion of the programme within the course of a year.

RESOLVED: That the contents of the report be noted.

ACTION BY: Minesh Jani (Service Head Risk Management)

The meeting ended at 8.50 p.m.

Chair, Councillor Joshua Peck
Audit Committee